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NSC BRIEFING
Approved For Release 2003/10/29 : CIA-RDP79R00890A000600050005-1 October 1955

EGYPTIAN ARMS DEAL & MIDDLE EAST

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State Department review completed

B. Throughout Aug '55, US officials in Egypt were given strong direct and indirect statements by Egyptian spokesmen to the effect that Egyptians were under strong pressure from the USSR to accept Soviet aid on massive scale.

1. As an example, on 14 Aug, Ambassador Hussein (then in Cairo) told Ambassador Byroade that the USSR was making attractive arms offers, including "100 MIGs and 200 tanks."

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effect set
deadline for this process of further
Arab "consideration" of plan by stating
to Johnston that they would postpone
until about 1 Mar '56 resumption of work
on Israel's own alternate development
project.

- C. Thus, hope for a successful outcome
to the development scheme appears to
rest on Egyptian Premier Nasr's will-
ingness and ability to pressure other
Arab League members into a favorable
decision before the Mar '56 deadline.
1. This Nasr claims he can and will
do within two to three months.
 2. However, Nasr's position--despite
prestige he has gained from Bloc
arms deal--is not yet strong enough
to permit him luxury of gestures
which could be interpreted by
enemies at home and abroad as
consiliation towards Israel.

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VI. In present pciture, instability of Syria
poses particularly serious problem for
West.

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A. [redacted] US Embassy Damascus, on 14 Oct,

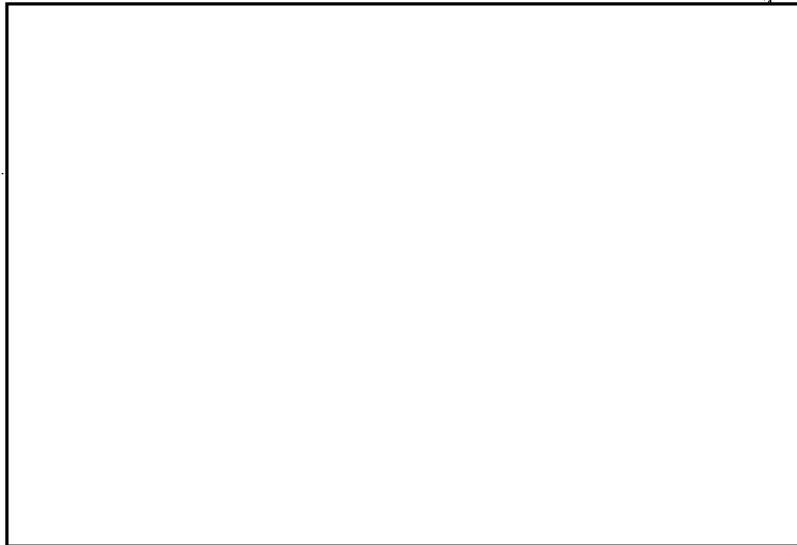
pointed to continuing decline in stability and Western influence.

1. Embassy sees this as result of inability pro-Western elements to work together in face enthusiastic determination of neutralist and leftist Syrian elements.
 2. Embassy believes leftist influence may become strong enough to defeat even a determined effort to reorient Syria toward West.
- B. Present political climate in Syria is favorable to Bloc offers of aid.
- C. According to story in "Alif Ba" (independent and reputable Damascus daily), Soviets and Czechs are interested in selling arms directly to Syria, rather than through Egypt.
- [redacted]

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[REDACTED] A side reaction has appeared in neighboring Iraq, where Prime Minister Nuri professes to be particularly alarmed by prospects of growing Communist in-

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VII. Along the "northern tier." Iran's announced intention (12 Oct) to adhere to Baghdad pact (Turkey, Iraq, Pakistan, Britian) has brought loud public objections from USSR.

A. Soviets have reiterated that Iranian adherence would violate 1921 and 1927 Iranian-Soviet friendship treaties; have hinted darkly at consequences.

B. Although no evidence that USSR plans to threaten Iran with use of force, Soviet disfavor being made clear.

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Soviet members of joint commission surveying disputed border areas are treating Iranians with "coldest contempt".

2. Yesterday, US Embassy Tehran reported that, although USSR had contracted to purchase 40,000 tons of Iranian rice before Mar '56, only 5,000 tons had been contracted for to date and Sov negotiators were now obviously stalling.

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3. Since '55 rice crop now being harvested, Sov failure conclude purchases is bringing serious distress to rice farmers. Embassy requests US \$5,000,000 right away to help.

C. Nonetheless, Iranian Senate has already voted adherence to Baghdad Pact, and Majlis is expected to follow suit.

VIII. Meanwhile, one of key US schemes for development of Middle East--the unified Jordan Valley plan--has been further delayed as a result of decisions reached at the Arab League Foreign Minister's conference in Cairo (9-14 Oct).

A. This delay appears to be compromise between Arab States favoring outright rejection of Jordan plan--particularly Syria and, to a lesser extent, Lebanon--and those who favor at least giving plan further serious consideration--Egypt, Libya and possibly Iraq.

IX. Indeed, position of Premier Nasr vis-a-vis US in past year has appeared to be puzzlingly man-sided. In conversations with US officials during entire period, Nasr has repeatedly emphasized weakness of his position, his fears of Israel and need to secure arms. These have been the factors motivating his actions.

- A. Following Israeli attack on Gaza (Feb '55), Nasr became obsessed with Egyptian need for more military equipment.
- B. The Egyptians made repeated requests for US arms aid during the past year and--started in June '55--these requests were often accompanied by reference to Nasr's "consideration" of Bloc arms offers.
- C. Nasr has repeatedly emphasized his determination not to be "taken in" by the Communists and to continue co-operating with West.

1. He told this also to Secy Allen
in Cairo in early Oct.

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- D. We believe that Nasr will indeed do
all he can to make his Bloc arms deal
nothing but straight commercial trans-
action.
1. We expect he will do his best to
keep Communist influence out of
Egypt.
2. However, Nasr's success in doing
this will depend, at least in
part, on extent of pressure Bloc
can now apply to him.
3. Will also depend in part on the
future development of Egyptian
relations with the US and the
Wes

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X. In midst these tensions, Soviet Bloc has added new element by broadening Middle East aid offers from the arms to general economic help.

A. Soviet ambassador in Cairo announced on 10 Oct that USSR is ready to give all such aid Arab states may need.

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C. Czechs have asked for specifications on Lebanon's Litani River project, apparently with intent of entering the bidding.

1. US Embassy Cairo notes that USSR might back such a scheme, as alternative to stalled Jordan Valley plan.

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